

STATE OF TEXAS

COUNTY OF LEE

LEASE AGREEMENT

Copy

1. PARTIES

This agreement is made and entered into the 1st day of September, 2006, by and between Texas Youth Commission, an agency of the State of Texas, hereinafter called LESSOR and Texas Department of Agriculture, an agency of the State of Texas, hereinafter called LESSEE.

2. PROPERTY LEASED.

LESSOR promises, in return for the consideration described herein to be paid by the LESSEE and the covenants set out herein to be kept by LESSEE, to hereby lease, unto the LESSEE, the following described property and premises, approximately Sixty-Five and Six Hundred Nine Thousandths (65.609) acres including one greenhouse and a small office building at the present site of the Giddings State School, two and one half miles east of Giddings, Lee County, Texas, more particularly described in Exhibit A, (excluding the 5.491 acre tract leased by Lessee for its Metrology Laboratory from the original 71.1 acre tract) attached hereto.

3. RENTAL

The Texas Department of Agriculture agrees to pay LESSOR not more than ONE AND NO/100 DOLLARS (\$1.00) per year during the term of this lease. LESSEE shall pay FIVE AND NO/100 DOLLARS (\$5.00) at the time the lease is executed.

4. TERM OF THE LEASE

The term of this lease shall be five (5) years, eight (8) months commencing on the 1st day of September, 2006 and ending on the 30th day of April, 2012.

5. GENERAL TERMS AND CONDITIONS

(A) LESSEE agrees to keep the leased premises, property, structures and buildings in good repair and condition during the continuance of the term of this lease and will bear the costs of such repair and maintenance. LESSEE will maintain such buildings and structures in the same or better condition as existed at the time of the beginning of the lease, reasonable wear and tear excepted.

(B) LESSEE agrees to be responsible for all utilities used by LESSEE.

(C) LESSEE shall use the highest degree of care and all reasonable safeguards to prevent contamination or pollution of any environmental medium, including soil, surface waters, groundwater, sediments, and surface or subsurface strata, ambient air or any other environmental medium in, on, or under the premises by any waste, pollutant, or contaminant. LESSEE shall not bring or permit to remain on the premises any asbestos containing materials, petroleum, explosives, toxic materials or substances regulated as hazardous wastes, hazardous materials, hazardous substances, or toxic substances under any federal, state, or local law or regulation except ordinary products commonly used in agricultural production. LESSEE's violation of this prohibition shall constitute a material breach and default of this lease.

(D) LESSEE shall clean up, remove, remedy and repair any soil or ground water contamination and damage caused by LESSEE, its agents, employees or representatives by the release of any Hazardous Materials in, on, under, or about the leased premises during LESSEE'S occupancy of the leased premises. Such clean up shall be performed in conformance with the requirements of applicable law according to standards approved by the Environmental Protection Agency. The obligations of LESSEE hereunder shall survive the expiration or earlier termination, for any reason, of this lease. LESSEE shall, to the extent allowed by law, indemnify, hold harmless and defend LESSOR from and against any claims, damages, penalties, liabilities, and costs caused by or arising out of a violation of the foregoing prohibition or the presence, release, or disposal of any Hazardous Materials, on, under, or about the premises, by LESSEE, its agents, employees or representatives during LESSEE's occupancy or control of the leased premises. The obligations of Lessee hereunder shall survive the expiration or early termination of this lease.

(E) LESSEE will be permitted to use water from the lake for irrigation purposes. The amount of water, the conditions, methods, and procedures for such use by LESSEE will be in the sole discretion of LESSOR. When feasible, crop production by LESSEE will be conveyed to LESSOR at the termination of grow out testing of that crop. Feasibility will be determined by LESSEE's personnel in charge. All crop residues shall otherwise be returned to the soil in which it was grown. The recipient will be responsible for harvesting said crop production.

(F) LESSOR hereby covenants and agrees that the LESSEE may bring on to the leased premises any and all equipment and improvements reasonably necessary for the efficient exercise of LESSEE'S governmental responsibilities. LESSEE shall obtain the written approval of LESSOR for any new building and structural improvement or addition that LESSEE makes. The cost of such new building, structural improvement or addition and any other improvement to the premises that LESSEE makes shall be borne by the LESSEE. LESSEE agrees that any new building, structural improvement or addition, and any other improvement to the premises that LESSEE makes shall become the property of LESSOR. The LESSEE retains ownership of any equipment that does not become a fixture.

(G) On termination of this lease, by lapse of time or otherwise, LESSEE may,

within a reasonable time thereafter, at its option and expense, remove from said premises any and all equipment or other property owned by it.

(H) LESSEE covenants and agrees that it will not assign or sublet all or any part of the leased premises to any private parties (persons or corporations) except to maintain the responsibilities presently maintained by LESSEE without the written permission of LESSOR.

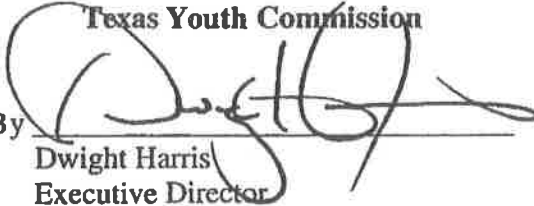
(I) In the event LESSEE shall be in default in the payment of rentals or other charges hereunder or shall otherwise breach its covenants or obligations hereunder, and shall be and remain in default for a period of thirty (30) days after written notice from LESSOR to it of such default, LESSOR shall have the right and privilege of terminating this lease and declaring the same at an end, and of entering upon and taking possession of said premises, and shall have the remedies now or hereafter provided by law for recovery of rent, repossession of the premises and damages occasioned by such default.

(J) In the event LESSOR shall breach or be in default in the performance of any of the covenants or obligations imposed upon LESSOR by this lease, and shall remain in default for a period of thirty (30) days after written notice from LESSEE to it of such default, LESSEE shall have the right and privilege of terminating this lease and declaring the same at an end, and shall have the remedies now or hereafter provided by law for recovery of damages occasioned by such default.

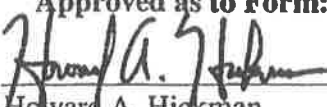
(K) The failure of the LESSEE or LESSOR to insist in any one or more instances on a strict performance of any of the covenants of this lease shall not be construed as a waiver or relinquishment of such covenants in future instances, but the same shall continue and remain in full force and effect.

Signed on the date indicated below.

LESSOR

Texas Youth Commission
By 
Dwight Harris
Executive Director
P.O. Box 4260
Austin, Texas 78765

8.21.06
Date

Approved as to Form:
By 
Howard A. Hickman
Staff Attorney

8/21/06
Date

EXHIBIT A

